United Nations S/2001/794

Security Council

Distr.: General
16 August 2001

Original: English

Letter dated 13 August 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone and further to my letters of 6 October and 4 December 2000, and 12 February and 28 March 2001, addressed to the President of the Security Council (S/2000/966; S/2000/1151; S/2001/127; S/2001/300), I have the honour to inform you that the Government of Sierra Leone, in compliance with paragraph 2 of resolution 1306 (2000), has submitted a note verbale with an enclosure comprising a second 90-day review report on the Certificate of Origin regime for trade in Sierra Leone diamonds (see annex).

In this connection, the Committee, at its 23rd meeting, on 31 July 2001, considered the second 90-day review report. In the light of its discussion, the Committee intends to pursue further several issues relating to the operation of the certification regime directly with the Government of Sierra Leone.

In accordance with paragraph 5 of Security Council resolution 1306 (2000), the Committee would appreciate it if the present letter and its annex could be brought to the attention of the members of the Security Council and issued as a document of the Security Council.

(*Signed*) Anwarul Karim **Chowdhury**
Chairman
Security Council Committee established
pursuant to resolution 1132 (1997)
concerning Sierra Leone

01-51347 (E) 170801

Annex to the letter dated 13 August 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone addressed to the President of the Security Council

The Permanent Mission of the Republic of Sierra Leone to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone, and has the honour to forward herewith a second review of the new Certificate of Origin regime for the export of Sierra Leone diamonds (see enclosure).

17 July 2001

Enclosure

IMPLEMENTATION OF UN SECURITY COUNCIL RESOLUTION 1306 (2000)

SECOND REVIEW OF THE NEW CERTIFICATE OF ORIGIN REGIME FOR THE EXPORT OF SIERRA LEONE DIAMONDS JULY 2001

A. INTRODUCTION

1. This is the second review of the new Certificate of Origin regime which was put in place in Sierra Leone to implement UN Security Council Resolution 1306 (2000) of 5th July 2000.

B. CERTIFICATE OF ORIGIN

2. To date, one hundred and thirteen (113) certificates have been issued. All the corresponding Import Confirmation Certificates have been returned to the Government Gold and Diamond Office (GGDO). Digital photographs of rough diamonds presented to the GGDO for valuation now accompany exports to Israel in addition to Belgium, and the process of extending the system for exports to the United States is underway. The digital photographs are transmitted electronically from the GGDO to the importing countries, together with the information contained in the original Certificate of Origin for shipment.

C. OTHER MEASURES

3. Since the major objective of the Certificate of Origin regime is to end transactions in what has been described as 'conflict' or 'blood' diamonds, and consistent with its own effort to curb illicit mining and smuggling of its diamonds, the Government of Sierra Leone has updated and strengthened existing regulations and measures in the mining and market sectors.

(a) Mining

4. The surveillance and monitoring of mining activities have been stepped up to ensure that only diamonds from non-conflict areas of the country are exported through the certification process. In this regard, the Ministry of Mineral Resources continues to issue mining licences, and to ensure that no unauthorized mining takes place in any non-conflict area. Winnings from these licensed areas are sold only to licensed diamond dealers or exporters. Field Officers – Mine Wardens and Monitors – have been posted to remote villages to ensure strict compliance with the objectives of UN resolution 1306 (2000), so that conflict diamonds do not enter the legitimate channel. This close monitoring has had beneficial effects on revenue from mining licence fees. Moreover, a greater proportion of high quality

gem diamonds which hitherto had been smuggled out of the country are now legally exported through the GGDO resulting in an appreciable increase in the value per carat of exported goods.

(b) **Marketing**

5. The regulations relating to mining also apply to marketing. Diamond dealers and exporters should purchase diamonds only from licensed miners. This regulation has been enforced by officials of the Ministry of Mineral Resources, through stringent checks in the field, and at the GGDO at the time of export. Since the first review of the new Certificate of Origin regime there has been a major position change in the security situation with the deployment of UN troops in the two major areas of rebel concentration, namely Tongo and Kono. Mining in these conflict areas has been halted pending the arrival of Government officials, including police and security personnel.

6. The Independent Diamond Valuator and his assistant work in tandem with the GGDO Valuator to ensure compliance with the UN Security Council Resolution 1306 (2000). To date no conflict stone has been detected at the GGDO.

(c) **Banking Guidelines**

7. Exporters of diamonds have gradually followed the routine of importing dollar notes to purchase diamonds within the framework of the revised banking guidelines. Without compromising security, every effort is being made to ensure that the exportation process is smooth and less cumbersome.

D. CONTRIBUTION OF THE NEW REGIME TO MINING COMMUNITY DEVELOPMENT

8. At the end of June 2001 approximately US $91,000 (Ninety-one thousand US dollars) had been collected by the GGDO on the basis of the 25 per cent of total dues paid by the exporters to Government. This amount is scheduled for distribution to the various Chiefdoms starting from the first week of July 2001. The distribution would be based on the number of mining licences issued in the respective Chiefdoms. It is expected that a spirit of competition will develop among the Chiefdoms to maximize the number of mining licences issued. This would of course not only enhance the Certification system, but also contribute to the ultimate eradication of illicit mining activities.

E. CONCLUSION

9. Nine months after it came into operation the Certification of Origin system instituted by the Government of Sierra Leone can be declared a major success. It has had a significant impact on export figures through the GGDO. From October to December 2000, 48760Cts of rough and uncut diamonds valued at US$6.38 million were exported. From January to June 2001 a total of 96,000 Cts valued at US$12.72 million were exported. Thus a total of 144,760Cts valued at US$19.10 million have been exported since the Certification system was put in place **(see attached table).**

9. The Government of Sierra Leone notes with satisfaction the press statement issued by the President of the UN Security Council on 5 July 2001, in which Council members, *inter alia,* welcomed the progress reported by the Chairman of the Sanctions Committee on the implementation of resolution 1306 (2000), and the fact that reports indicated that the certification scheme was having a positive effect.

10. The Government of Sierra Leone shares the view of the members of the Council that the peace process in the country was entering a crucial phase as UNAMSIL and the Government move into the main diamond producing areas. In this regard, the Government is convinced that current positive trends in the peace process augur well for further success for the Certification system. They should also have an impact on the Council's next reviews of the implementation of resolution 1306 (2000), especially in the context of paragraph 6 of that resolution.

11. The Government of Sierra Leone joins members of the Security Council in stressing the responsibility of not only diamond exporting countries but also the diamond importers for fully implementing resolution 1306 (2000). At the same time, the Government of Sierra Leone joins in welcoming the establishment of a similar Certification system in the neighboring sister state of the Republic of Guinea. It will also continue to support and participate in current efforts aimed at establishing standards for an international certification system to break the link between the illicit transaction of rough and uncut diamonds and armed conflict.

GOVERNMENT GOLD AND DIAMOND OFFICE
Bank of Sierra Leone Building, Freetown

Summary of monthly exports of rough uncut diamonds for the Year 2001

Month	Total Carats	Total Value ($)	Price/Carat
January	13,486.10	1,991,773.84	147.69
February	15,384.67	1,909,276.29	124.10
March	20,055.63	2,685,334.87	133.89
April	14,440.58	1,821,327.48	126.12
May	16,996.96	2,156,765.00	126.89
June	15,652.29	2,154,917.36	137.67
TOTAL	**96,016.23**	**12,719,394.84**	